Claims:

Please cancel all of the claims of record and substitute new claims 26 through 50 as follows:

1-25 (cancelled)

26. (new) A method for constructing a contract where the coverage buyer is someone other than an insurer or a reinsurer, comprising the steps of:
    a. specifying an insurance policy;
    b. specifying the payments that will be made under said contract as a mathematical function of the losses paid by said insurance policy; and
    c. using a mathematical function of the premium that is paid for said insurance policy to determine the premium paid for said contract.

27. (new) The method of claim 26 that is used to construct an insurance contract.

28. (new) The method of claim 26 that is used to construct any type of non-insurance contract.

29. (new) The method of claim 26 where said insurance policy is a casualty insurance policy sold to a company.

30. (new) The method of claim 26 where said insurance policy is a property insurance policy sold to a company.

31. (new) The method of claim 26 where said insurance policy is a property insurance policy sold to an individual.

32. (new) The method of claim 26 where said insurance policy is a casualty insurance policy sold to an individual.

33. (new) The method of claim 26 where said insurance policy is a health insurance policy sold to an individual.

34. (new) The method of claim 26 where said insurance policy is an accident insurance policy sold to an individual.

35. (new) The method of claim 26 where said payments are expressed as a mathematical function that is directly proportional to said losses paid by said insurance policy.

36. (new) The method of claim 26 where said payments are expressed as a mathematical function that is not directly proportional to said losses paid by said insurance policy.

37. (new) The method of claim 26 where said coverage buyer is someone other than the holder of said insurance policy.

38. (new) The method of claim 26 where the coverage seller is someone other than the insurer that wrote said insurance policy.

39. (new) A method for pre-negotiating contract terms where the coverage buyer is someone other than an insurer or a reinsurer, comprising the steps of:

a. specifying a type of insurance policy;

b. specifying the payments that will be made under said contract as a mathematical function of the losses paid by said insurance policy;

c. using a mathematical function of the premium that is paid for said insurance policy to determine the premium paid for said contract; and

d. communicating said acceptable combinations to potential coverage buyers.

40. (new) The method of claim 39 that is used to construct an insurance contract.

41. (new) The method of claim 39 that is used to construct any type of non-insurance contract.

42. (new) The method of claim 39 where said insurance policy is a casualty insurance policy sold to a company.

43. (new) The method of claim 39 where said insurance policy is a property insurance policy sold to a company.

44. (new) The method of claim 39 where said insurance policy is a property insurance policy sold to an individual.

45 (new) The method of claim 39 where said insurance policy is a casualty insurance policy sold to an individual.

46. (new) The method of claim 39 where said insurance policy is a health insurance policy sold to an individual.

47. (new) The method of claim 39 where said payments are expressed as a mathematical function that is directly proportional to said losses paid by said insurance policy.

48. (new) The method of claim 39 where said payments are expressed as a mathematical function that is not directly proportional to said losses paid by said insurance policy.

49. (new) The method of claim 39 where said coverage buyer is someone other than the holder of said insurance policy.

50. (new) The method of claim 39 where the coverage seller is someone other than the insurer that wrote said insurance policy.